



Meeting Minutes

BOARD OF SUPERVISORS, COUNTY OF MONO

STATE OF CALIFORNIA

Regular Meetings: The First, Second,
And Third Tuesday of each month

SPECIAL MEETING
July 24, 2007

County Courthouse
Bridgeport, California 93517

**This meeting was held in Mammoth Lakes, Sierra Center Mall
Social Services Conference Room 3rd Floor**

9:00 a.m. Meeting called to order by Chairman Hazard

Pledge of Allegiance led by Lynda Roberts, Clerk of the Board

OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD

No one addressed the Board.

CLOSED SESSION

- 1) **CONFERENCE WITH REAL PROPERTY NEGOTIATORS.** Government Code section 54956.8. Property: Certain federal land in the Town of Mammoth Lakes, bordered by Highway 203, Sierra Nevada Road, and Mammoth Hospital. Agency negotiators: Dave Wilbrecht, Marshall Rudolph, and Brian Muir. Negotiating parties: Mono County, the Town of Mammoth Lakes, the USDA Forest Service, the Southern Mono Healthcare District, and the State Judicial Counsel, Administrative Office of the Courts. Under negotiation: price and terms of payment.

The Board did not meet in closed session. Marshall Rudolph, County Counsel, said this item was put on the agenda if the Board needed to meet in closed session. At this time, they can proceed directly to agenda item #2, and if during that discussion the Board decides to meet in closed session, they can do so.

David Wilbrecht, CAO, said he met with the Town and Hospital representatives to talk about the next steps for the land exchange. The Town would like AOC to conform to Town zoning and site standards, and would like to have precedence over zoning issues. This should not affect or change any decisions the Board makes today.

Supervisor Hazard said the Board has concerns about the County's portion of the property (the corner adjacent to McDonalds). He also said it is clear there will be discussions between the Courts and the Town about flexibility, and the opportunity to address concerns about how development will proceed.

Rob Clark, Town Manager, said the main concern for the Town Council is having the agreements adopted by the Board today in order to lock in the appraisal. The Town will be open-minded about AOC once the land exchange is finalized.

The Board proceeded to discuss agenda item #2.

REGULAR AGENDA

BOARD OF SUPERVISORS

- 2) Approval of a Purchase and Sale Agreement for Real Property known as the “Church Site” or “Federal Parcel” from the Southern Mono Healthcare District (**Dave Wilbrecht, Mark Magit**)
- R07-51 ACTION:** Approve **Resolution R07-51** authorizing approval of a Purchase and Sale Agreement between the Town of Mammoth Lakes (Town), the County of Mono, and the Southern Mono Healthcare District (SMHD) for the purchase of a one-third (1/3) share of approximately 10.1 acres of land from SMHD following the completion of a land exchange between SMHD and the United States Forest Service, approval of a Memorandum of Understanding with the Town concerning the use of the Federal Parcel; and approval of an Option Agreement between the Town, the County and SMHD.
(Hunt/Bauer, 4-0; Farnetti absent)
- M07-181 ACTION:** (1) Find that the requirements of the California Environmental Quality Act (CEQA) have been met. (2) Authorize the Chair of the Board of Supervisors to sign said documents. (3) Authorize the County Administrative Officer to execute all necessary documents to fulfill the terms and conditions of the Purchase and Sale Agreement. (4) Provide the Board and the public with regular updates
(Hunt/Bauer, 4-0; Farnetti absent)

David Wilbrecht, CAO, said this project has been in process for six or seven years. The forest service has wanted to eliminate their in-town property holdings, so they have been working with the hospital on an exchange; the County and the Town will pick up the remainder shares (the County's portion will be 1/3 of the parcel to be defined by a legal description). If the Town and County work together on a common project, the legal description may need to be redone. Mark Magit, County Counsel's Office, has created a framework for future decision makers—maintaining flexibility but tight enough for a financing agency to provide funding for the purchase. Today the Board is asked to review the documents, accept the CEQA report, and move forward.

Mark Magit distributed copies of a memo containing discussion points, and distributed a copy of the agreements (on file in the Clerk's Office). He highlighted the following:

- Board action. Consider and approve a sale agreement and an option agreement. The County will contract with Southern Mono Healthcare District (SMHD) and the Town of Mammoth Lakes to purchase approximately one-third of the 10 acre Federal Parcel, or “Church Site”, from SMHD (Exhibit C in the handout shows the County's parcel)
- A survey will take about 30 days.
- The price of the parcel will be based on the final appraised value of the federal parcel, projected to be approximately \$2million

- The County and Town will reimburse the Healthcare District for administrative costs, estimated to be approximately \$160,000, plus 15% administrative expenses for SMHD (\$24,000). The County's share will be 1/3 or about \$61,000. If the hospital repurchases the County's 1/3, they will reimburse these costs.
- The property is sold "as is". It is an undeveloped parcel that has been owned by the forest service, so there are no environmental risk issues.

Supervisor Reid asked about the possibility of recovering some of the cost from AOC. Magit said today's agenda item is only addressing the purchase from Southern Mono Healthcare; if AOC purchases a portion of the property, revenue will depend on how much of the property they acquire. Regarding the 15% administrative fee, Reid asked if the County would pay 1/3 (\$8000). Magit said yes, this is a term of the contract. Wilbrecht said this amount seems to be reasonable.

Magit continued:

- There is a church on the site, and all entities have entered into agreement with the church.
- Memorandum of Understanding. This was originally devised to outline management issues when the Town and County were going to be tenants in common; the financing professionals decided it was better to have "clean" parcels. However, the Memorandum of Understanding will provide a framework in order to resolve disputes and retain the right of first refusal. The Memorandum also outlines how the Town and County will work together on projects and on the sale to the courts, and provides for a dispute resolution process.
- The Option Agreement with the Healthcare District retains their option to reacquire the property; this is a five-year option, and they would pay the actual price paid plus other fees. It is likely they would purchase the Town's parcel.

Supervisor Hunt asked about the \$100 for the option. Magit said the contract requires an offer, acceptance and consideration; this \$100 meets the consideration requirements. Supervisor Hazard, asked what would happen if the Court obtains funding and starts building within five years, and the hospital wants to exercise their right. Magit said this won't happen because the parcel will be kept in abeyance; they probably won't exercise the option for the parcel not adjacent to the hospital.

Supervisor Hunt referred to the County's parcel and asked about the part that juts out into the street. Magit said this is unusable because of the highway; it is part of the gross acreage but that portion will be ignored and not included in the County's net portion. David Wilbrecht said at some point CalTrans may want to purchase that piece for an easement. He also said the Board is not taking action today relative to financing; the staff will come back to the Board for funding. The Board is taking this action now because the federal parcels have been appraised, but the appraisal terminates at the end of the month; this action will lock in the appraisal amount. Today's action is just one step; there will be more discussion in the future, but the matter should be resolved by the end of the year with the parcel configured in a way that serves both the Town and County.

Brian Muir, Finance Director, referred to financing and said this will be a private placement. No lender has been identified yet because they will want to see the agreements and delineation of the land so they have something to secure. He said he doesn't anticipate problems because the County's finances are secure; however, the County could self-fund this purchase if necessary. The local bank has indicated that financing will not be a problem.

Magit said today the Board needs to adopt the resolution, accept the CEQA report, and authorize the Board Chair and County Administrative Officer to execute all necessary documents. Magit said he is proposing to provide periodic updates to the Board. Also, once there is a legal description for the parcel, he will publish a notice and have another meeting before the Board. Marshall Rudolph, County Counsel, said all the actions are encompassed in the resolution.

Chairman Hazard said the County has been working on this project a long time, and this action has historical significance since it will create a permanent County presence in the Town. Supervisor Hunt said this has been a long process, and since the 90s he has wanted the Town and County to work on a joint project and help define the County as part of the community. With proper planning, the Board will be proud of this action.

Break at 9:43 a.m. through 9:50 a.m.; reconvened at 9:50 a.m.

PUBLIC WORKS

3) Consider Letter of Intent with Aircon Energy for Energy Conservation Projects (Kelly Garcia)

M07-182 ACTION: Approve and authorize the Public Works Director (in consultation with County Counsel) to finalize and administer a Letter of Intent with Aircon Energy for Energy Conservation Projects at County Facilities.
(Bauer/Hunt, 4-0; Farnetti absent)

Kelly Garcia, Public Works, distributed a copy of the letter of intent (on file in the Clerk's Office). She summarized the history of this agenda item:

- Aircon has given two presentations regarding energy upgrades to various County buildings.
- During the last presentation, the discussion centered on whether or not to include old Mono General Hospital in the project. She did not have an answer today, but said the other projects can proceed without an answer.
- Aircon restructured the letter of intent to work on a square-footage basis; the exact square footage still needs to be determined.
- If the Board signs the letter and then cancels the project, the estimated cost will be \$20,000-\$25,000 for Aircon's work to date. If the Board proceeds with the project and signs a contract, the County will still pay these costs, but at a different time.

Garcia asked for Board authorization to allow Public Works (working with the County Counsel) to sign the letter of intent. She will then return with a final design for the project before any work begins. David Wilbrecht, CAO, said the financial aspects will be discussed as part of the budget.

Supervisor Hazard asked if they could add the hospital at a later time. Garcia said that would depend on the timing; it might be more economical to keep it separate.

Supervisor Reid asked if Aircon had conducted an audit on the courthouse. Garcia said yes, Aircon previously did a presentation solely on the courthouse, and their primary focus is to upgrade the boilers. Reid asked about upstairs ventilation. Garcia said the goal is to air condition the entire building through an outside chiller tied into fan units. Supervisor Hunt asked if there are any other buildings with boiler problems. Garcia said there are some problems due to deferred maintenance and old equipment. The hospital boilers take a large amount of time to rebuild and cost about \$7,000.

On a different note, Supervisor Reid thanked Ms. Garcia for helping with the Walker Community Center dishwasher.

Break at 9:58 a.m. through 10:04 a.m.; reconvened at 10:04 a.m.

CAO AND FINANCE DEPARTMENT

4) Workshop on Budget Policy Priorities (Dave Wilbrecht and Brian Muir)

ACTION: Review, discuss and prioritize programs and policies and direct staff on the Board of Supervisors' priorities regarding existing and new programs and policies for the FY 07- 08 budget.

David Wilbrecht, CAO, said this workshop is intended to assist the Board with priorities. In past years, budgeting has been a problem because the County has used cash flow from the previous year to fund projects in the new year while waiting for the carry-forward amount. Also in past years, the County has been conservative with budgeting by using short-term strategies, such as hiring freezes. Funding of projects has been limited in order to preserve assets. As a result of hiring the new finance director, the Board can now consider how to handle the budget; and plan the best strategy for priorities and projects; the administrative staff can then formulate the budget from the Board's list. The Board can also start to do long-term planning.

Wilbrecht said the budget will be based on last year's budget; this is a lean budget, and he didn't know what to cut because there are many mandates. He said he won't propose cuts unless the Board has an area they want to change. There are some programs in place where costs exceed the state allowance and the County is forced to overmatch the funding. Wilbrecht said these will be policy items.

Brian Muir, Finance Director, then gave a PowerPoint presentation (on file in the Clerk's Office). He highlighted the following:

- **Gann Limit.** This relates largely to population factors and is associated with Proposition 13. The intention is to eliminate receipt of windfalls in property taxes, so in addition to the normal maximum 2% increase, the state considers property values relative to population. Taxes can only grow relative to population; in Mono County property values have increased rapidly and population has not. This year the Gann Limit will be a factor—the County could exceed the limit, or be at or just below the limit. If the County exceeds the limit, it will have about 2 years to correct the problem, by either refunding the taxes or asking tax payers if the County can retain the taxes. However, the County can deduct debt service to help solve the problem, which has implications for capital projects and how to deal with debt. The Board needs to consider the best mix; Muir said he will come to Board with some recommended fee changes to change the mix. The main issue is this: as the Board considers capital projects, they need to keep in mind the potential problem with Gann. He pointed out that property values have increased, but there may be less property changing hands so growth may level off; this could help solve the problem.

- General reserve. The County has a policy of reserving 5%; at this point, the Board has set aside only \$500,000. The GFOA recommends 5-15% based on either revenues or expenditures, whichever is more stable. Muir said it would be nice to have a reserve as insurance against a decrease in revenue. Supervisor Hunt asked Muir how much he recommended. Muir said he would be conservative and recommend 15%; the Board can always access the reserve during budget time, or during an emergency with a 4/5ths vote. Counties don't get a lot of shocks and they are easy to anticipate. At the beginning of a fiscal year, the Board would have a good idea about whether or not to pull money out of the reserve. As long as the County can do projects and meet its needs, it makes sense to have a large reserve. Supervisor Hazard asked if the reserve applies against the Gann Limit. Muir said no, Gann is based on property tax revenues; if the County has a reserve and the Board takes money out, this doesn't affect Gann.

Supervisor Hunt asked about the difference between municipal reserves and county reserves. Muir said property tax revenues are more stable than other taxes such as the transient occupancy tax. Most California counties are relatively poor, so they don't have reserves because they are struggling; Mono County is fortunate at this point. If the County has a reserve, then it can keep budget issues level and stay out of lay-off situations.

Supervisor Reid asked if the Board would have a reasonable amount of time to build up a 15% reserve. Muir said he can give the Board a better idea when he knows the amount of the cash carryover. The Board can talk about a reserve policy during the budget discussion; they need to decide on a percentage, plus have a plan to achieve that amount. They can then set aside a certain amount every year. The Board also needs a policy for replacing the reserve. As a final note, Muir said having a reserve helps when dealing with rating agencies since they want to know a variety of things, such as the County's planned capital improvement projects and reserving policy.

- Obligations. Muir said the Board needs to keep in mind the retiree health benefit, which is a large unfunded liability. The County will be required to implement GASB 45 in the next fiscal year, and needs to do an actuarial study about the liability. Muir is proposing to do this study in the fall in order to determine the amount; also as more entities are required to implement GASB 45, it will be harder to get actuaries. In next year's budget, the Board can talk about the obligation and about how to fund it. The County is required to do a study every other year, and also needs to create an irrevocable trust outside of the treasury (if it is not outside, the government won't allow the County to use the funds as a reduction in the liability; also with an outside trust, the County has control over how to invest the money, but the instruments are different and can achieve a higher rate of return). Muir said he will come back to the Board to fund the year's obligation, and will also provide the amount needed to retire the obligation. Rating agencies will want to know that the County is managing the problem. The Board can choose to put money in the trust this year; however, Muir recommended putting money in reserve this year and then reducing the obligation next year.

Regarding the replacement of vehicles and equipment, Muir said he is working with Public Works about a funded motor pool. These are obligations that need to be considered.

Muir then addressed the negative cash balance, and said he will give the Board a cash balance in the general fund minus the negative cash balance; the Board must fund this obligation and they also need a policy. These aren't big deficits, but there is a substantial deficit in Social Services, which the Board can fund over time.

Lastly, Muir addressed the paramedic issue, and how to deal with the need for ambulance service in the Tri-Valley area. There are probably a range of solutions, however, this will be a major obligation.

- Capital projects. Muir talked about short-term, medium, and long-range projects. Short-term projects include playground equipment, deferred maintenance, and CIP planning. Replacing playground equipment will not be expensive since there are only 4 or 5 playgrounds needing new equipment. The old equipment presents risk issues because children can get seriously hurt. Regarding deferred maintenance, the questions are at what level the Board wants to fund this and how they want to fund this, which is a policy item. Using the jail as an example of CIP planning, Muir said the first step in getting money from the state is to prove the need for a new or upgraded facility. A third party reviews and verifies the need (this will entail spending money to quantify the need, and provide information about capacity); the County can probably get 75% of the cost from the state. A broader question is whether or not it is worthwhile to spend money on a consultant to look at facilities needed in various communities based on growth patterns in order to address longer-term issues. Muir suggested getting outside help to make this viable.

Mid-term projects include community centers, Whitmore pool, the hospital building, a health and human services building in Walker and Tri-Valley, and major remodeling of owned buildings. Regarding the hospital, the County may not need this building. One solution may be to demolish the building, and construct a facility in Walker/Coleville where growth may occur. There are health and human services needs in Walker, and the Board should consider how these needs fit into an overall plan. If the County commissions a study, a consultant can look at the buildings and the needs for the next 20 years.

Long-term projects include the jail, Mammoth Lakes offices on the exchange parcel, and airports. There are many long-term projects with the airport, and the County can probably obtain a substantial amount of outside funding.

Muir then opened the discussion for questions from the Board. Supervisor Reid referred to the consulting concept and asked about the time frame to have someone review the entire county. David Wilbrecht said the time required would be relatively short because facilities are about the same vintage and there are only 5-6 communities. The process to hire a consultant (putting out a request for proposal, developing the scope of services, selecting and bringing in the consultant) would take about 6-7 months. Muir agreed and said this affects decisions about projects. For instance, if the Board wants to do long-term projects it would be desirable to have the projects specified so the Board can make decisions about them, since this would affect debt and the Gann Limit. Short-term debt gives the Board some flexibility because they can always refinance and extend the term.

Regarding short-term projects, Wilbrecht suggested the Board pick from the list provided by Kelly Garcia (list on file in the Clerk's Office). An outside study would then show the medium and long-term projects needed. A large portion of the property tax and population resides in Mammoth Lakes, so there is potential for new projects. A study would also specify the lifespan of buildings such as the Walker Community Center. Wilbrecht said he wants to create a framework and path to follow.

He asked the Board to start thinking about how to proceed with new projects, and medium- and long-term projects. In light of the Gann Limit, now is the time to plan for future revenue coming from Mammoth Mountain.

Supervisor Reid referred to Garcia's list of projects and said this is a great starting place to review and consider priorities. Supervisor Bauer said there seems to be a disconnect between projects listed and what the RPACs want; they need to find a way to integrate CIP planning and community desires. For example, June Lake does not need a community center; that project doesn't reflect the community's real needs. Scott Burns, Community Development, said Garcia took the CIP through the RPACs last year, so they are moving toward integration. Bauer suggested the need for a more long-term tie, not just one meeting. June Lake has a planning process and this needs to be tied together at the RPAC.

Wilbrecht said if the Board approves the proposed study (to be conducted by an outside consultant), the process will provide this integration. Bauer said the projects need to reflect the area plans and the underlying processes. Wilbrecht reiterated that a planning effort will define the projects needed in the various communities, and the County will have a plan for the Board to implement over time. Without a plan, the County will get pressure for projects that don't fit within the overall goals. This budget workshop is intended to launch the County in a direction that will culminate in a long-term plan, to be updated every five years or so. The plan will take into account other obligations, such as GASB 45 and the reserves.

Garcia said the CIP list started several years ago as a way to consolidate projects that were floating around; there is no process for getting a project on the list; or if there is a public process, it needs to be continually updated. Adding to this idea, Bauer said it is odd that Mammoth does not have an RPAC, and suggested the County needs to be more involved. Wilbrecht pointed out the differences between the Town and the County: the town does everything the County does, but the County provides a variety of other services, such as mental health and jail services. Projects are where the two entities mesh, and this is where the County can enhance the quality of the Town's operations; however, he does not recommend involvement in the Town's operations. By looking at projects, the County and Town citizens can agree on some projects they think have merit, such as the library and childcare needs. There is common ground, but it has to be in terms of facilities or kinds of services the County provides in the Town, such as drug and alcohol services. Supervisor Bauer suggested having a forum for the public to talk about County and Town issues. Supervisor Hunt agreed there needs to be a way for people to talk about interaction between the County and the Town.

Rob Clark, Town Manager, commended the County for restructuring their finances in order to be in a position to do long-term planning. Some discussions have been circular because the County has not been in position to do long-term planning. Supervisor Bauer expressed her desire to be involved at the planning level.

Chairman Hazard said although the County has been debt free and has been able to provide services, the County will now need to carry debt in order to accomplish projects. Because of the positive financial situation, it is a good time to discuss long-term plans. He thanked the Finance Director for his leadership. He expressed a concern about state mandates and decreased funding (i.e. social services, public health, and the sheriff's department). He suggested the Board consider where County responsibility ends and state responsibility begins; it is time to examine the overmatching situation, and state mandated programs need to be at the top of the list for re-examination.

In reference to working with the Town, Supervisor Reid said the County needs to be careful so it does not interfere with Town business. He suggested having a discussion at the Town-County Liaison Committee meeting about how to further County involvement. Supervisor Bauer agreed, and asked for this item to be put on the agenda for the Town-County meeting. She expressed her opinion that funding involvement from the County should include County involvement in the process. Chairman Hazard said the shared parcel is a good example. Supervisor Hunt said the Town and County are integrated, and work together on a lot of issues; there is much cooperation on many things, and many things do overlap. There needs to be continuous dialogue about how to work together. Chairman Hazard suggested that County relationships with other entities need to be re-examined. As an example, he used the seniors program and Mono County's relationship with Inyo County.

There were no comments from the public or from other agencies.

Wilbrecht summarized the Board's intentions expressed during the workshop:

- The idea of short-, mid-, and long-term planning using the CIP list and an outside consultant, makes sense.
- Talk with the Town about common projects, and work cooperatively to hold a public meeting.
- Through the planning process, develop strategies and methods to fund projects, and then move forward.
- Review all the mandates and talk about overmatching.

Chairman Hazard said he would like a discussion about grant money and A87 transfers. Muir said he is trying to make sure Bill A87 funds are budgeted appropriately. Supervisor Bauer referred to the CIP list and suggested the June Lake plan be given to the consultant.

Wilbrecht said there is a framework in place (as a result of the ESTA project study) about how to move forward with projects. He envisions a series of meetings in each location; many areas have been neglected so there is a sense of urgency, but the situation may not be as urgent as the public perceives. Chairman Hazard said the visioning process is bringing out a lot of information, and issues are coming to the surface as people consider community needs over the next 15-20 years. Scott Burns, Community Development, said the Town is concluding a general plan update, which will provide a good starting place for discussions.

ADJOURNMENT @ 11:13 a.m.

Mono County Board of Supervisors next regular session will be on **August 7, 2007**, at the hour of 9:00 a.m. in the Board Chambers, County Courthouse, Bridgeport, California.

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